

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0752-01
Bill No.: HB 153
Subject: Drugs and Controlled Substances; Health Care; Insurance - Medical; Insurance Department
Type: Original
Date: February 7, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$69,873)	(\$87,539)	(\$8,665)
Total Estimated Net Effect on <u>All</u> State Funds	(\$69,873)	(\$87,539)	(\$8,665)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Conservation** and the **Department of Health** assume this proposal would not fiscally impact their agency.

Department of Transportation (DHT) officials assume there would be no fiscal impact on the Highway and Patrol Medical Plan. DHT assumes all costs would be to their third-party administrator.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state this proposal would require some administrative cost to the carriers which may be passed along in the premiums. HCP assumes the fiscal impact should be minimal.

Department of Insurance (INS) officials state that additional informational documents may be filed with the department as a result of this proposal but are not policy form filings and therefore would not result in additional revenue. INS states they would likely promulgate rules with respect to the mandates of the proposal. INS anticipates that current appropriations and staff would be able to absorb the work for implementation of this single proposal. However, if additional proposals are approved during the legislative session, INS would need to request additional staff to handle the increase in workload.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** assume this proposal would have a fiscal impact on its agency as follows. Currently, DMS does not require the managed care companies to issue a uniform prescription drug information card. Therefore, DMS assumes there would be an increase in the administrative component of the capitation payment if this legislation passes. The cost per card (\$.85) was based on the current cost to produce an ID card, which includes postage. Managed care contracts would be rebid or renewed on the following timetable:

<u>Region</u>	<u>Rebid or Renewal Date</u>	<u>Number of Enrollees</u>
Western	02/01/02	104,465
Central	03/01/02	49,748
Eastern	09/01/02	185,586

DMS also assumes a six percent transfer rate between health plans.

ASSUMPTION (continued)

FY2002

Number of Eligibles	154,213
+ Anticipated Transfers	<u>10,194</u>
	164,407
x Cost of Card	<u>\$.85</u>
FY2002 Cost	<u><u>\$139,746</u></u>

FY2003

Number of Eligibles	185,586
+ Anticipated Transfers	<u>20,388</u>
	205,974
x Cost of Card	<u>\$.85</u>
FY2003 Cost	<u><u>\$175,078</u></u>

FY2004

Anticipated Transfers	20,388
x Cost of Card	<u>\$.85</u>
FY2004 Cost	<u><u>\$17,330</u></u>

The projected cost is based on the current number of eligibles in managed care. If additional regions would be converted to managed care or if the number of health plans increases or decreases, there would be additional cost.

Officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)** did not respond to our fiscal impact request. However, in responding to a similar proposal last session MHP assumed there would be no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

Cost - Department of Social Services -
 Division of Medical Services

Costs to produce prescription cards	<u>(\$69,873)</u>	<u>(\$87,539)</u>	<u>(\$8,665)</u>
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**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

<u><u>(\$69,873)</u></u>	<u><u>(\$87,539)</u></u>	<u><u>(\$8,665)</u></u>
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<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
FEDERAL FUNDS			
<u>Income - Department of Social Services - Division of Medical Services</u>			
Medicaid reimbursements	\$69,873	\$87,539	\$8,665
<u>Cost - Department of Social Services - Division of Medical Services</u>			
Costs to produce prescription cards	(\$69,873)	(\$87,539)	(\$8,665)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2002 (10 Mo.)	 FY 2003	 FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal. However, the possible issuance of a prescription ID card may affect small pharmacies. It should decrease the time to process each prescription if all recipients have a uniform prescription ID card.

DESCRIPTION

This proposal would require all health benefit plans that provide coverage for prescription drugs to issue to their insureds a pharmacy ID card containing uniform prescription drug information. The card would be in a format approved by the National Council for Prescription Drug Programs and acceptable to the Director of the Department of Insurance.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation
Department of Health
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Insurance
Department of Conservation

NOT RESPONDING: Department of Public Safety - Missouri State Public Safety

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large, circular initial "J" and a long, sweeping horizontal stroke at the end.

Jeanne Jarrett, CPA
Director

February 7, 2001